

Item 9 – Appendix 1

LGPS (Transitional Provisions and Amendment) Regulations 2014

Final Salary Protection

In line with the Public Service Pensions Act 2013 all rights to the final salary link for earlier scheme benefits will be maintained so long as there is not a break from any public service scheme of 5 years or more

Pensionable Pay

Protects certain members concerning several different historical pay matters (e.g. staff transferred from the Learning Skills Council)

Statutory Underpin

Provides for certain persons to receive transitional protection from the new changes where they would receive lower benefits than under the current scheme arrangements. The protection applies to a scheme member who was an active member on 31 March 2012 and who on 1 April 2012 was 10 years or less from their normal retirement age (age 65 for most but for some age 60)

Ill-health Retirements

Transfers over a protection within the current regulations and safeguards the position of current tier 3 cases that span 1 April 2014

Councillors' Pensions

Regulation 26 reflects the Government's decision that new councillors in England and directly elected mayors should no longer have access to the LGPS after 31 March 2014. The councillors already in the scheme may continue to accrue rights until the end of the term of office which they are serving on 1 April 2014 or age 75 if earlier.

Rule of 85

The regulations carry forward the arrangements made under the 2008 scheme to continue to maintain the protections given to members when the Rule was abolished in 2006. All protections on this matter will be finished by 1 April 2020.

The regulations also cover how members should be treated when electing to draw their benefits between age 55 and 60 where the Rule of 85 would not have been covered under the new scheme regulations.

LGPS Future Legislation

Cost Controls

The LGPS 2014 has been set up on the basis that the contributions total level for employers and members equates to 19.5% of pay [13% employers and 6.5% members] based on a National Model Fund.

It is this level that has determined the benefits available under the scheme and the build-up rate of 1/49. During the next year further regulations will be made to ensure that the scheme continues to be affordable and sustainable by introducing measures of control to ensure that the employers are not paying all of any increasing costs. The controls will outline how the balance of contributions is kept in the same proportion either by adjusting the members contribution rates or by changing the 1/49 build-up rate.

Future of LGPS Funds

In 2013 there was a call for evidence regarding the continuation of maintaining 89 funds and although some results of the responses have been released no further consultations have been issued.